


2009 REGULAR SESSION  
ACTUARIAL NOTE 32.01  
SB 296

Senate Bill 296 SLS 09RS-196 Original /No Amendments	Preparation of this Note was directed by the Actuarial Services Division of this office.
Author: Senator B. Gautreaux May 17, 2009	
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Louisiana Employees' Retirement System/ Teachers' Retirement System of Louisiana	Legislative Auditor
OR 5yr Ttl: SEE NOTE	

**Bill Header:** Provides for the determination of system liabilities and for the payment of such liabilities. (6/30/09)

**Estimated Fiscal Impact:**

EXPENDITURES:	2009-10	2010-11	2011-12	2012-13	2013-14	5 Year Total
State General fund	See below	See below	See below	See below	See below	See below
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	See below	See below	See below	See below	See below	See below

REVENUES	2009-10	2010-11	2011-12	2012-13	2013-14	5 Year Total
State General fund	0	(\$990,042)	\$1,180,411	\$1,333,884	\$2,515,449	\$4,039,702
Agy Self Generated	0	0	0	0	0	0
Stat Deds/Other	0	0	0	0	0	0
Federal Funds	0	0	0	0	0	0
Local Funds	0	0	0	0	0	0
Annual Total	0	(\$990,042)	\$1,180,411	\$1,333,884	\$2,515,449	\$4,039,702

The table above is presented from the perspective of LASERS and TRSL. The systems in the aggregate will receive more in contributions under Senate Bill 296 than it does currently during the five year period.

**Need for Technical Corrections to this Actuarial Note:**

This actuarial note was prepared before the final version of the bill was completed. The final version of Senate Bill 296 incorporates technical adjustments to the calculations of the Texaco Fund value and Experience Account value that will be used to offset the Original Amortization Base amount and the Experience Account Amortization Base amount, respectively. Although these technical adjustments are not incorporated in this actuarial note, it is expected that they will reduce or eliminate altogether the five year costs shown in the above table.

**Purpose:**

The purpose of Senate Bill 296 is:

- to refinance the unfunded accrued liability for LASERS and TRSL that exists on June 30, 2009.
- to increase by \$100 million the amount of excess earnings (earnings that exceed the amount necessary to earn the actuarial valuation interest rate, i.e., 8.25%) that must occur in a fiscal year for LASERS before a portion of such excess is deposited into the experience account.
- to increase by \$200 million the amount of excess earnings that must occur in a fiscal year for TRSL before a portion of such excess is deposited into the experience account.
- to retain the amount that can be accumulated in the experience accounts of the systems to two times the actuarial present value for a permanent cost-of-living adjustment.
- to provide that for any year in which the actuarial rate of return is less than the valuation interest rate (8.25%), any permanent cost-of-living adjustment shall be limited to 2.0%. The Bill also provides that no permanent cost-of-living benefit increases shall be granted for either system if the system fails to both earn the actuarial rate of return, and the system is less than 80% funded.
- to limit the eligibility requirements for the receipt of cost-of-living adjustments payable to retirees to participants who are at least age 60 and have been collecting a benefit for at least one year and, for retirees who retired on disability and beneficiaries thereof, to require one year of retirement before a cost-of-living adjustment will be granted.

Senate Bill 296 presumes the enactment of House Bill 586.

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**Bill Provisions:**

Relative to the Louisiana Employees' Retirement System (LASERS) and the Teachers' Retirement System of Louisiana; provides for the determination of system liabilities and for the payment of such liabilities.

**Existing Provisions:**

Under current law, the initial unfunded accrued liability for LASERS that existed in 1993 and subsequent changes in the unfunded liability resulting from actuarial gains and losses and from the enactment of legislation are being amortized over a period of years ranging from 10 to 30 years depending on the reason for the change and the year in which the change occurred. Amortization periods for TRSL are similar.

Currently, amounts are deposited into the experience accounts of each system if LASERS or TRSL experiences excess earnings. The deposit amounts are equal to 50% of such excess for each system.

Currently, the experience accounts may not exceed the amount necessary to grant two cost-of-living adjustments.

Currently, a cost of living adjustment may be made if the balance in the experience account is sufficient to grant such an increase.

Currently, all retirees age 55 and older and all disability retirees and their beneficiaries are eligible to receive a cost-of living adjustment.

**Proposed Provisions:**

Amortization periods for credit and debit bases associated with the unfunded accrued liability of LASERS and TRSL will be restructured as follows:

**LASERS**

1. The current amortization schedule will apply through June 30, 2010.
2. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Original Amortization Base - the 1993 Initial Liability Base; and the 1993, 1994, 1995, 1997, 1998, 2005, 2006, and 2007 credit bases due to Changes in Liability.
3. The Original Amortization Base will be reduced by the balance in the Texaco Fund as adjusted for investment gains and/or losses.
4. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Experience Account Amortization Base - the 1996, 1999, 2000, 2001, 2002, 2003, 2004, and 2008 charge bases due to Changes in Liability.
5. The Experience Account Amortization Base will be reduced by the balance in the Experience Account of June 30, 2010 as adjusted for investment gains /or losses and as adjusted for the cost of House Bill 586.
6. Other amortization bases (due to Act 353, Act 414, Act 262, and Act 740) will not be changed.
7. Employer Credit Balance bases will not be changed.
8. The Original Amortization Base amortization payment for 2010-11 will be set at \$146,061,888. Payments will increase at 6.5% for one year, 5.5% for 4 years, 5.0% for 2 years, and at 2.0% for the remaining years through 2028-29.
9. The Experience Account Amortization Base amortization payment for 2010-11 will be set at \$164,972,156. Payments will increase at 6.5% for one year, 5.5% for 4 years, 5.0% for 2 years, and will be level thereafter for the remaining years through 2039-40.

**TRSL**

1. The current amortization schedule will apply through June 30, 2010.
2. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Original Amortization Base - the 1993 Initial Liability Base; and the 1993, 1994, 1995, 1996, 1998, 1999, 2000, 2005, 2006, 2007 credit bases due to Changes in Liability; and the 2008 credit base due to Change in Assumptions.
3. The Original Amortization Base will be reduced by the balance in the Texaco Fund as adjusted for investment gains and/or losses.
4. The Original Amortization Base will also be reduced by the balance in the Employer Credit account as adjusted for investment gains and/or losses.
5. Unamortized amounts as of June 30, 2010 for the following bases will be combined to form the Experience Account Amortization Base - the 1997, 2001, 2002, 2003, 2004, and 2008 charge bases due to Changes in Liability.
6. The Experience Account Amortization Base will be reduced by the balance in the Experience Account of June 30, 2010 as adjusted for investment gains /or losses and as adjusted for the cost of House Bill 586.
7. Employer Credit Balance bases will not be changed.
8. The Original Amortization Base amortization payment for 2010-11 will be set at \$199,841,577. Payments will increase at 7.0% for 3 years, 6.5% for 4 years, and at 2.0% for the remaining years through 2028-29.
9. The Experience Account amortization payment for 2010-11 will be set at \$248,222,681. Payments will increase at 7.0% for 3 years, 6.5% for 4 years, and will be level thereafter for the remaining years through 2039-40.

The threshold that must be attained for deposits to be made to the experience account will be increased by \$100 million for LASERS and \$200 million for TRSL. The first \$50 million of excess earnings for LASERS will be allocated to reduce the outstanding Original Amortization Base. The next \$50 million will be used to reduce the outstanding Experience Account Amortization Base. The first \$100 million of excess earnings for TRSL will be allocated to reduce the outstanding Original Amortization Base. The next \$100 million will be used to reduce the outstanding Experience Account Amortization Base. 50% of any remaining excess earnings will be credited to the experience account.

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Both the LASERS experience account and the TRSL experience account may not exceed the amount necessary to grant two permanent benefit increases. This was changed from “two cost-of-living adjustments”.

A permanent benefit increase may be granted only if the balance in the experience account is sufficient to do so. However, no increase can be granted in any year for which the funded ratio of the plan is less than 80% and the plan also fails to earn the actuarial rate of return. Any benefit adjustment is limited to no more than 2.0% for any year in which the actuarial rate of return is less than the valuation interest rate (8.25%). This applies to both LASERS and TRSL.

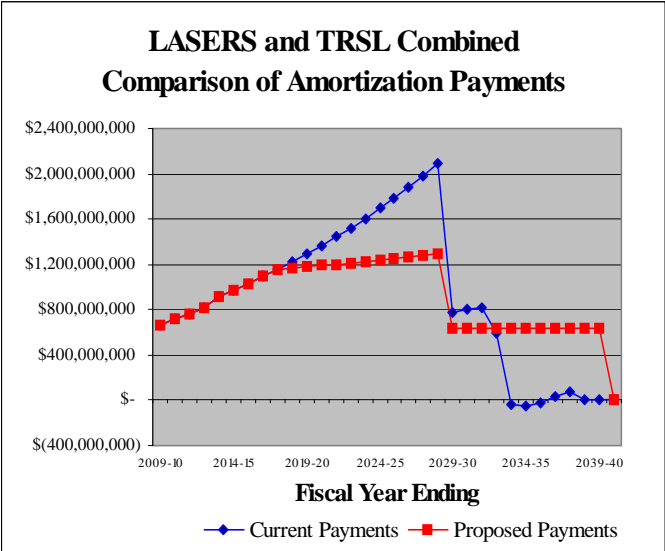
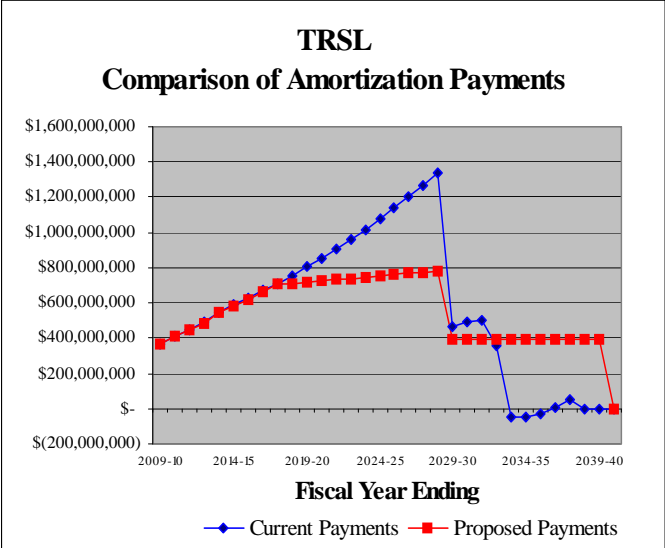
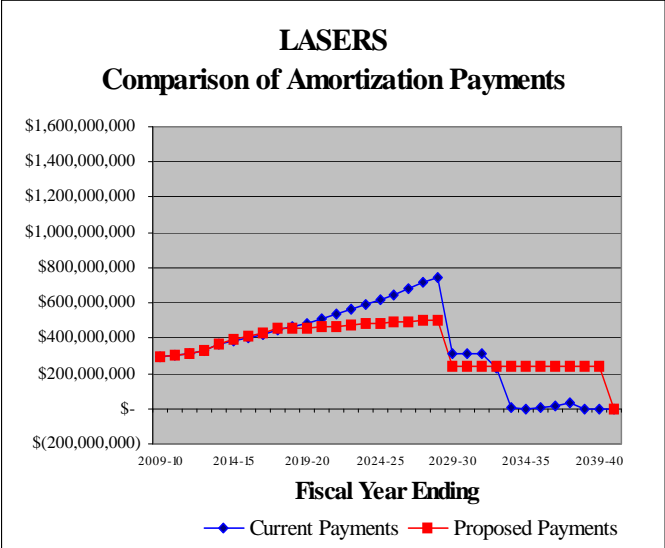
Future permanent benefit increases will only be granted to disabled retirees retired for at least one year and to retirees who have attained age 60 (and survivors of retirees who would have been age 60 had they not died) and have been retired for at least one years. No increase will be granted to retirees who retired for disability or to survivors of such retirees.

Actuarial Impact:

Some components of Senate Bill 296 have a measurable impact on future annual costs. These costs are reflected in the “Estimated Fiscal Impact” statement shown above. Other components cannot be measured reliably at this time because they depend on circumstances that may or may not occur in the future and no reliable assessment can be made as to the likelihood of such events occurring or to the timing of such events.

The following general conclusions can be drawn:

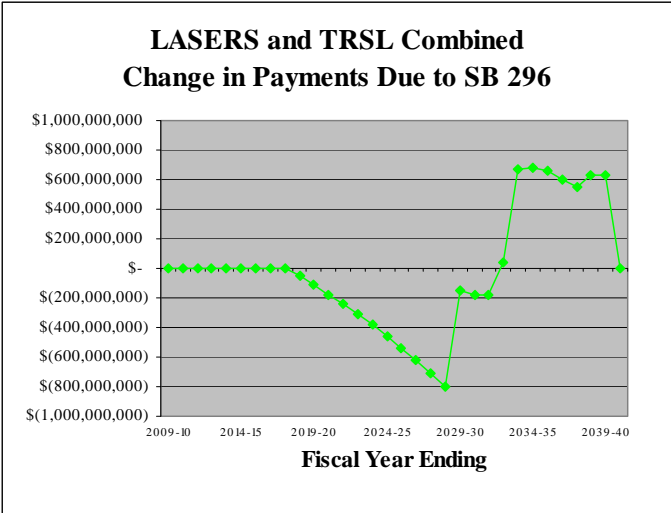
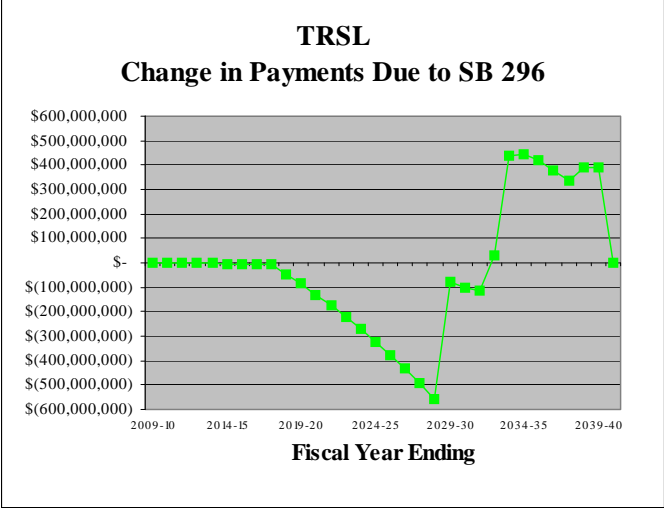
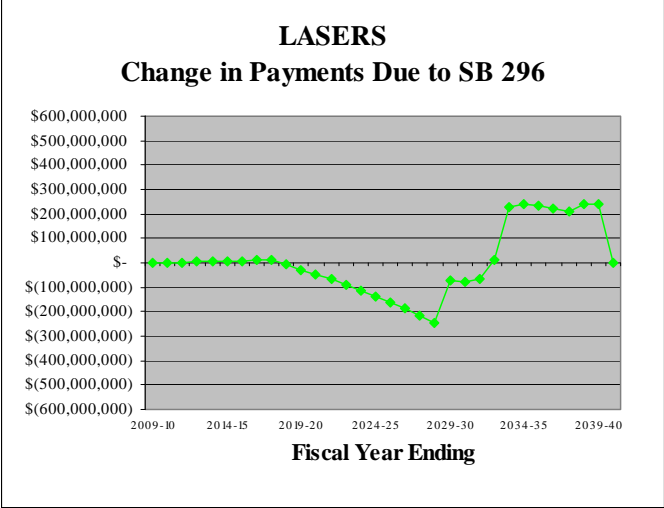
Annual Amortization Payments:



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- 1. Payment toward amortization of the LASERS unfunded accrued liability for 2010-11 will be \$1,948,514 less than what the payment will be under current law. Proposed payments will remain about the same as current payments through the 2018-19 fiscal year.
- 2. Payment toward amortization of the TRSL unfunded accrued liability for 2010-11 will be \$949,472 more than what the payment will be under current law. Proposed payments will remain about the same as current payments through the 2017-19 fiscal year.
- 3. Amortization payments for LASERS and TRSL combined will be \$999,042 less for 2010-11 than it will be under current law. The increase in combined payments for 2011-12 through 2018 will be less than \$2,500,000 a year.
- 4. A comparison of payment schedules is shown in Exhibit A.

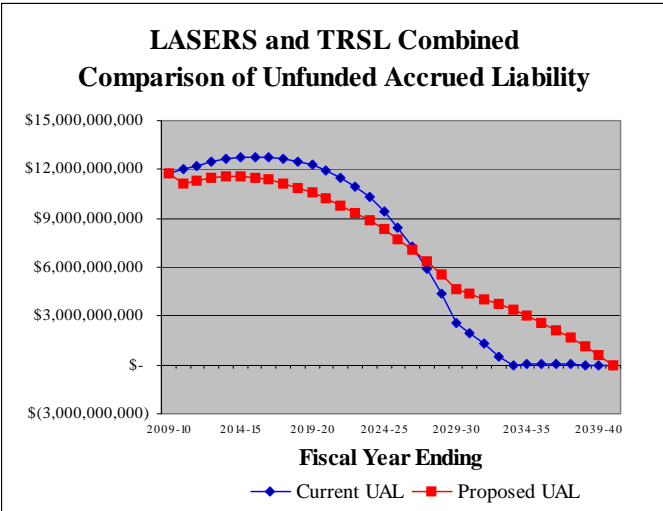
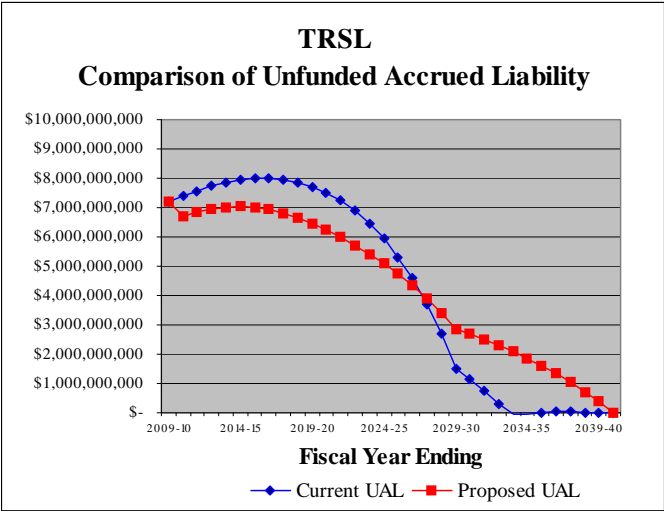
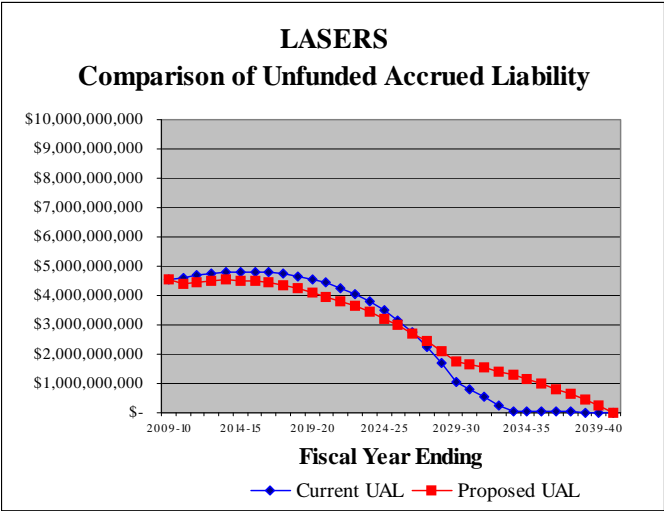
Total Amortization Payments:



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1. Total contributions to LASERS over the amortization period, to amortize the unfunded accrued liability, will be increased from about \$11.061 billion to \$11.222 billion, an increase of \$161 million.
2. Total contributions to TRSL over the amortization period, to amortize the unfunded accrued liability, will be reduced from about \$17.951 billion to about \$17.353 billion a savings of \$598 million.
3. In LASERS and TRSL in the aggregate, contributions will be about the same under Senate Bill 296 for the next ten years as under current law, smaller for the next decade and larger for the decade thereafter.
4. Under the current law, amortization payments for the IUAL are eliminated after 20 years. Under SB 296 the IUAL payments are eliminated in the same term, that is, after 20 years. There are other UAL balances, aside of the IUAL which are being amortized under current law via annual payments. Under SB296 those other UAL balances will be eliminated by the end of 30 years which is about 2 to 3 years beyond the time when they would have been eliminated under current law.
5. Because a portion of excess earnings will be diverted from the experience account to amortization of the unfunded accrued liability (\$100 million for LASERS and \$200 million for TRSL), contributions amount toward amortization of the unfunded accrued liability will be reduced even further to the extent that excess earnings materialize during the amortization period.
6. The potential for benefit adjustments in future years will be decreased because the amount of excess earnings available for deposit into the experience account will be less, the amount that may be accumulated in the account will be less, the benefit adjustment percentage will be reduced under some circumstances and eliminated all together under others, and adjustments will be limited to those who are at least age 60 and have been retired for one year.

Projected Unfunded Accrued Liabilities:



1. The unfunded accrued liability for LASERS and TRSL actually increases for several more years under current law.
2. In the aggregate, the UAL actually increases for the next 6 to 7 years and doesn't return to its current amount until 2020-21.
3. Under Senate Bill 296, the unfunded accrued liability will remain at current levels for the next 6 to 7 years and then begin to decline.
4. Under the current law the IUAL reaches a \$0 balance at the end of the 2028-2029 year. Under SB Bill 296 the IUAL also reaches \$0 at the end of 2028-2029. There are other UAL balances, aside of the IUAL, which are being amortized under current law via annual payments. Under SB296 those other UAL balances reach \$0 at the end of 2039-2040, about 2 to 3 years beyond the time when they would have reached \$0 under current law

Additional information about the financial implications of the others changes made by Senate Bill 296 is given below in the next section.

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**Actuarial Analysis:**

***Refinancing the Unfunded Accrued Liability***

Information about the effects of Senate Bill 296 on the unfunded accrued liability was given in the previous section.

***House Bill 586***

Senate Bill 296 presumes the enactment of House Bill 586 which adjusts benefits payable to retirees to LASERS and TRSL. A benefit adjustment will be given to individuals with small benefits. The benefit adjustment will be sufficient to provide a minimum total benefit of \$1,200 per month. In no event will an increase under House Bill 586 exceed \$300 a month.

The cost of House Bill 586 is shown below:

	<b>LASERS</b>	<b>TRSL</b>
Increase in the Actuarial Present Value of Benefits	\$ 6,832,000	\$ 10,236,155
Decrease in the June 30, 2009 Experience Account as a result of Senate Bill 296*	\$ 6,832,000	\$ 10,236,155

\* In preparing the effect of Senate Bill 296 on amortization schedules, it was assumed that House Bill 586 would cost \$9 million each for LASERS and TRSL.

The present value cost will be subtracted from the Experience Account before it is used to reduce the Experience Account Amortization Base.

***Texaco Fund, Employer Credit Account, and Experience Account***

The June 30, 2010 balance in the Texaco Fund and the Employer Credit Account will be used to reduce the Original Amortization Base. The Original Amortization base before and after this adjustment is shown below:

<b>Original Amortization Base</b>	<b>LASERS</b>	<b>TRSL</b>
Before Adjustment for the Texaco Account	\$ 2,028,000,000	\$ 3,185,000,000
Balance in the Texaco Account as of June 30, 2010	\$ 75,000,000	\$ 323,000,000
Balance in the Employer Credit Account as of June 30, 2010	0	\$ 33,000,000
After Adjustment for the Texaco Account	\$ 1,953,000,000	\$ 2,829,000,000

The June 30, 2009 balance in the Experience Account, after adjustment for the cost of House Bill 586, will be used to reduce the Experience Account Amortization Base. The Experience Account Amortization base before and after this adjustment is shown below:

<b>Experience Account Amortization Base</b>	<b>LASERS</b>	<b>TRSL</b>
Before Adjustment for the Experience Account	\$ 2,618,000,000	\$ 4,293,000,000
Balance in the Experience Account as of June 30, 2010	\$ 125,000,000	\$ 311,000,000
After Adjustment for the Experience Account	\$ 2,493,000,000	\$ 3,982,000,000

***Experience Account and Permanent Benefit Adjustments***

The experience account will be reset to \$0 effective July 1, 2009. In the future, the experience account will be credited with excess investment earnings to the extent that such earnings exceed \$100 million for LASERS and \$200 million for TRSL. As a result, amounts available to provide for permanent benefit increases will be reduced. Future obligations of the plan to provide these adjustments will decrease and future liability increases due to such adjustments will decrease.

The effect of these changes on the financial security of the LASERS and TRSL cannot be reliably measured because such measurements depend on unpredictable events. The general effect of these changes, however, can be illustrated for various levels of investment earnings (See Exhibit B). In preparing this exhibit, we assumed the value of the LASERS trust fund is \$9 billion and the value of the TRSL fund is \$15 billion.

***Permanent Benefit Adjustments***

Under Senate Bill 296 permanent benefit adjustments will be granted only to those who are or would have been 60 or older and who have been collecting a benefit for at least one year, or to any disabled person who has been retired for at least one year. These limitations will only affect future adjustments if and when such adjustments occur. Although the timing of when such an adjustment might occur is not known, the savings that will occur as a result of the enactment of Senate Bill 296 can be estimated by using the current set of retirees.

If it is assumed that the set of retirees, existing when a permanent adjustment is offered, has the same number, age, service and benefit characteristics as the current set of retirees, the savings that will materialize from this Bill are shown below. The savings are based on an assumption that such a benefit adjustment, if and when it occurs, will be only a 2.0% adjustment.

<b>Cost Reductions Due to SB 296</b>	<b>LASERS</b>	<b>TRSL</b>
Reduction in the Actuarial Present Value of Benefits	\$ 88,000,000	\$ 84,000,000
Reduction in Annual 10 Year Amortization Payments	\$ 11,600,000	\$ 11,100,000

**Fiscal Impact:**

The fiscal impact is shown in the “Estimated Fiscal Impact Table” above.

**Dual Referral Rules:**

Estimated Fiscal Impact >= \$500,000? **UNKNOWN**

EXHIBIT A

LASERS AND TRSL COMBINED

COMPARISION OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		Payment
	Unfunded	Mid-Year	Unfunded	Mid-Year	Increase
Year	Accrued Liability	Payment	Accrued Liability	Payment	/(Decrease)
2009-10	\$ 11,727,817,665	\$ 661,045,821	\$ 11,727,817,665	\$ 661,045,821	\$ 0
2010-11	12,007,588,998	715,007,248	11,141,154,425	714,008,206	-999,042
2011-12	12,254,298,239	761,510,544	11,317,422,249	762,690,955	1,180,411
2012-13	12,472,977,447	819,105,727	11,457,581,049	820,439,611	1,333,884
2013-14	12,649,773,783	915,128,139	11,549,219,366	917,643,588	2,515,449
2014-15	12,741,250,969	972,138,499	11,547,283,658	974,234,134	2,095,635
2015-16	12,780,959,586	1,031,051,611	11,486,309,604	1,033,624,887	2,573,276
2016-17	12,762,649,041	1,092,615,814	11,358,513,115	1,094,610,296	1,994,482
2017-18	12,678,774,472	1,156,950,403	11,156,722,208	1,159,251,985	2,301,582
2018-19	12,521,044,447	1,223,808,565	10,871,028,230	1,169,428,590	-54,379,975
2019-20	12,280,740,284	1,294,063,547	10,551,176,428	1,180,187,643	-113,875,904
2020-21	11,947,515,454	1,367,480,003	10,193,742,782	1,191,161,877	-176,318,126
2021-22	11,510,414,700	1,444,200,198	9,795,402,910	1,202,355,596	-241,844,602
2022-23	10,957,430,943	1,524,372,803	9,352,553,688	1,213,773,189	-310,599,614
2023-24	10,275,411,834	1,608,153,175	8,861,290,169	1,225,419,134	-382,734,041
2024-25	9,449,958,317	1,695,703,665	8,317,380,589	1,237,297,998	-458,405,667
2025-26	8,465,314,501	1,787,193,927	7,716,239,311	1,249,414,439	-537,779,488
2026-27	7,304,248,119	1,882,801,250	7,052,897,538	1,261,773,209	-621,028,041
2027-28	5,947,920,784	1,982,710,902	6,321,971,602	1,274,379,154	-708,331,748
2028-29	4,375,747,186	2,087,116,489	5,517,628,639	1,287,237,151	-799,879,338
2029-30	2,565,242,289	780,121,079	4,633,549,503	631,475,939	-148,645,140
2030-31	1,965,211,373	808,128,874	4,358,809,182	631,475,939	-176,652,935
2031-32	1,286,537,684	813,807,480	4,061,402,785	631,475,939	-182,331,541
2032-33	545,965,208	590,441,038	3,739,460,360	631,475,939	41,034,901
2033-34	-23,306,768	-38,721,134	3,390,957,685	631,475,939	670,197,073
2034-35	15,057,154	-50,992,857	3,013,703,539	631,475,939	682,468,796
2035-36	69,354,001	-25,538,641	2,605,325,926	631,475,939	657,014,580
2036-37	101,646,940	29,273,016	2,163,257,161	631,475,969	602,202,953
2037-38	79,576,213	82,793,687	1,684,717,691	631,158,573	548,364,886
2038-39	0	0	1,167,028,944	631,158,573	631,158,573
2039-40	0	0	606,630,875	631,158,540	631,158,540
2040-41	0	0	0	0	0
Total		\$29,011,470,872		\$28,575,260,691	-\$436,210,181



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EXHIBIT A

LASERS

COMPARISION OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		Payment
	Unfunded	Mid-Year	Unfunded	Mid-Year	Increase
Year	Accrued Liability	Payment	Accrued Liability	Payment	/(Decrease)
2009-10	\$ 4,545,606,013	\$ 291,594,757	\$ 4,545,606,013	\$ 291,594,757	\$ 0
2010-11	4,617,233,817	306,269,376	4,417,557,981	304,320,862	-1,948,514
2011-12	4,679,502,963	315,355,841	4,465,381,168	317,415,418	2,059,577
2012-13	4,737,455,459	329,169,265	4,503,525,765	332,509,130	3,339,865
2013-14	4,785,817,099	363,885,654	4,529,113,301	368,745,606	4,859,952
2014-15	4,802,048,512	383,017,131	4,519,110,198	389,657,783	6,640,652
2015-16	4,799,714,004	402,346,810	4,486,524,128	411,051,074	8,704,264
2016-17	4,777,075,671	422,546,325	4,428,991,430	431,569,185	9,022,860
2017-18	4,731,553,441	443,654,817	4,345,364,573	453,113,202	9,458,385
2018-19	4,660,313,664	465,341,707	4,232,423,402	456,990,894	-8,350,813
2019-20	4,560,632,858	488,392,709	4,106,130,108	461,325,056	-27,067,653
2020-21	4,428,745,372	512,481,006	3,964,908,213	465,745,901	-46,735,105
2021-22	4,260,914,918	537,653,275	3,807,435,921	470,255,163	-67,398,112
2022-23	4,053,048,403	563,958,298	3,632,280,581	474,854,610	-89,103,688
2023-24	3,800,664,297	591,447,046	3,437,889,511	479,546,046	-111,901,000
2024-25	3,498,858,312	620,172,788	3,222,580,055	484,331,311	-135,841,477
2025-26	3,142,266,135	650,191,190	2,984,528,823	489,212,281	-160,978,909
2026-27	2,725,022,979	681,560,419	2,721,760,044	494,190,871	-187,369,548
2027-28	2,240,719,694	714,341,263	2,432,132,954	499,269,032	-215,072,231
2028-29	1,682,355,130	748,597,245	2,113,328,144	504,448,692	-244,148,553
2029-30	1,042,284,449	311,410,747	1,762,832,851	240,282,803	-71,127,944
2030-31	804,271,022	316,159,652	1,658,268,499	240,282,803	-75,876,849
2031-32	541,680,572	308,928,317	1,545,077,588	240,282,803	-68,645,514
2032-33	264,950,126	230,078,201	1,422,548,427	240,282,803	10,204,602
2033-34	47,427,650	9,432,749	1,289,910,610	240,282,803	230,850,054
2034-35	41,526,292	-457,068	1,146,330,173	240,282,803	240,739,871
2035-36	45,427,760	4,841,412	990,904,350	240,282,803	235,441,391
2036-37	44,138,387	18,525,772	822,655,897	240,282,833	221,757,061
2037-38	28,504,987	29,657,518	640,526,915	239,965,437	210,307,919
2038-39	0	0	443,702,521	239,965,437	239,965,437
2039-40	0	0	230,640,115	239,965,495	239,965,495
2040-41	0	0	0	0	0
Total		\$11,060,554,222		\$11,222,305,697	\$161,751,475

EXHIBIT A  
TRSL

COMPARISION OF CURRENT AND PROPOSED AMORTIZATION SCHEDULES

	Current Schedule		Proposed Schedule		Payment
	Unfunded	Mid-Year	Unfunded	Mid-Year	Increase
Year	Accrued Liability	Payment	Accrued Liability	Payment	/ (Decrease)
2009-10	\$ 7,182,211,652	\$ 369,451,064	\$ 7,182,211,652	\$ 369,451,064	\$ 0
2010-11	7,390,355,181	408,737,872	6,723,596,444	409,687,344	949,472
2011-12	7,574,795,276	446,154,703	6,852,041,081	445,275,537	-879,166
2012-13	7,735,521,988	489,936,462	6,954,055,284	487,930,481	-2,005,981
2013-14	7,863,956,684	551,242,485	7,020,106,065	548,897,982	-2,344,503
2014-15	7,939,202,457	589,121,368	7,028,173,460	584,576,351	-4,545,017
2015-16	7,981,245,582	628,704,801	6,999,785,476	622,573,813	-6,130,988
2016-17	7,985,573,370	670,069,489	6,929,521,685	663,041,111	-7,028,378
2017-18	7,947,221,031	713,295,586	6,811,357,635	706,138,783	-7,156,803
2018-19	7,860,730,783	758,466,858	6,638,604,828	712,437,696	-46,029,162
2019-20	7,720,107,426	805,670,838	6,445,046,320	718,862,587	-86,808,251
2020-21	7,518,770,082	854,998,997	6,228,834,569	725,415,976	-129,583,021
2021-22	7,249,499,782	906,546,923	5,987,966,989	732,100,433	-174,446,490
2022-23	6,904,382,540	960,414,505	5,720,273,107	738,918,579	-221,495,926
2023-24	6,474,747,537	1,016,706,129	5,423,400,658	745,873,088	-270,833,041
2024-25	5,951,100,005	1,075,530,877	5,094,800,534	752,966,687	-322,564,190
2025-26	5,323,048,366	1,137,002,737	4,731,710,488	760,202,158	-376,800,579
2026-27	4,579,225,140	1,201,240,831	4,331,137,494	767,582,338	-433,658,493
2027-28	3,707,201,090	1,268,369,639	3,889,838,648	775,110,122	-493,259,517
2028-29	2,693,392,056	1,338,519,244	3,404,300,495	782,788,459	-555,730,785
2029-30	1,522,957,840	468,710,332	2,870,716,652	391,193,136	-77,517,196
2030-31	1,160,940,351	491,969,222	2,700,540,683	391,193,136	-100,776,086
2031-32	744,857,112	504,879,163	2,516,325,197	391,193,136	-113,686,027
2032-33	281,015,082	360,362,837	2,316,911,933	391,193,136	30,830,299
2033-34	-70,734,418	-48,153,883	2,101,047,075	391,193,136	439,347,019
2034-35	-26,469,138	-50,535,789	1,867,373,366	391,193,136	441,728,925
2035-36	23,926,241	-30,380,053	1,614,421,576	391,193,136	421,573,189
2036-37	57,508,553	10,747,244	1,340,601,264	391,193,136	380,445,892
2037-38	51,071,226	53,136,169	1,044,190,776	391,193,136	338,056,967
2038-39	0	0	723,326,423	391,193,136	391,193,136
2039-40	0	0	375,990,760	391,193,045	391,193,045
2040-41	0		0		
		\$17,950,916,650		\$17,352,954,994	-\$597,961,656

EXHIBIT B

Comparison of Experience Account Deposits for LASERS  
Current Law vs. Proposed Law

		Current Law		Proposed Law	
Earnings		Excess	Deposit Into	Excess	Deposit Into
Rate	Earnings	Earnings	Experience Account	Earnings	Experience Account
8.25%	\$742,500,000	\$ -	\$ -	\$ -	\$ -
8.75%	787,500,000	45,000,000	22,500,000	-	-
9.25%	832,500,000	90,000,000	45,000,000	-	-
9.75%	877,500,000	135,000,000	67,500,000	35,000,000	17,500,000
10.25%	922,500,000	180,000,000	90,000,000	80,000,000	40,000,000
10.75%	967,500,000	225,000,000	112,500,000	125,000,000	62,500,000
11.25%	1,012,500,000	270,000,000	135,000,000	170,000,000	85,000,000
11.75%	1,057,500,000	315,000,000	157,500,000	215,000,000	107,500,000
12.25%	1,102,500,000	360,000,000	180,000,000	260,000,000	130,000,000
12.75%	1,147,500,000	405,000,000	202,500,000	305,000,000	152,500,000
13.25%	1,192,500,000	450,000,000	225,000,000	350,000,000	175,000,000

Assumed Market Value of Assets = \$ 9,000,000,000

Comparison of Experience Account Deposits for TRSL  
Current Law vs. Proposed Law

		Current Law		Proposed Law	
Earnings		Excess	Deposit Into	Excess	Deposit Into
Rate	Earnings	Earnings	Experience Account	Earnings	Experience Account
8.25%	\$1,237,500,000	\$ -	\$ -	\$ -	\$ -
8.75%	1,312,500,000	75,000,000	37,500,000	-	-
9.25%	1,387,500,000	150,000,000	75,000,000	-	-
9.75%	1,462,500,000	225,000,000	112,500,000	25,000,000	12,500,000
10.25%	1,537,500,000	300,000,000	150,000,000	100,000,000	50,000,000
10.75%	1,612,500,000	375,000,000	187,500,000	175,000,000	87,500,000
11.25%	1,687,500,000	450,000,000	225,000,000	250,000,000	125,000,000
11.75%	1,762,500,000	525,000,000	262,500,000	325,000,000	162,500,000
12.25%	1,837,500,000	600,000,000	300,000,000	400,000,000	200,000,000
12.75%	1,912,500,000	675,000,000	337,500,000	475,000,000	237,500,000
13.25%	1,987,500,000	750,000,000	375,000,000	550,000,000	275,000,000

Assumed Market Value of Assets = \$ 15,000,000,000